

Message Text

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PAGE 01 BUDAPE 01120 170838Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 AGRE-00 CEA-01 COME-00
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00
SP-02 SOE-02 OMB-01 DOE-11 /093 W
-----021833 170847Z /65

O 170811Z MAR 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC IMMEDIATE 977

LIMITED OFFICIAL USE BUDAPEST 1120

E.O. 11652: N/A
TAGS: EEWT HU US
SUBJECT: TRADE AGREEMENT DEVELOPMENTS

1. AMBASSADOR AND DEPUTY FOREIGN TRADE MINISTER TOROK SIGNED AND EXCHANGED COVERING LETTERS AND AGREED MINUTE AFTERNOON MARCH 16. EMBASSY AND MFT NOTED CHANGE IN PARAGRAPH THREE OF AGREED MINUTE -- SUBSTITUTION OF "HUNGARY'S" FOR "ITS" -- ONLY DURING FINAL REVIEW OF TEXTS MORNING OF MARCH 16. AT THE REQUEST OF MFT, WHICH DID NOT WISH TO INITIATE APPROVAL PROCESS FOR CHANGE ON SUCH SHORT NOTICE, EMBASSY AGREED TO REVERT TO TEXT AS INITIALED IN WASHINGTON.
2. MFT HAS PROVIDED EMBASSY WITH COPY OF PRESS RELEASE TO BE RELEASED AT 1800 HOURS BUDAPEST TIME MARCH 17. GOH DOES NOT INTEND TO RELEASE TEXT OF AGREEMENT UNTIL HUNGARIAN RATIFICATION AND U.S. CONGRESSIONAL APPROVAL IS COMPLETE, BUT DID NOT RPT NOT OBJECT TO USG PLANS TO DO SO.
3. UNOFFICIAL TRANSLATION OF HUNGARIAN PRESS RELEASE FOLLOWS:
BEGIN TEXT: "DR. JOZSEF BIRO, MINISTER OF FOREIGN TRADE,
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AND PHILIP M. KAISER, AMBASSADOR OF THE UNITED STATES OF AMERICAN IN BUDAPEST, SIGNED THE AGREEMENT ON TRADE RELATIONS OF THE HUNGARIAN PEOPLE'S REPUBLIC AND THE UNITED STATES ON MARCH 17, 1978, AT THE MINISTRY OF FOREIGN TRADE.
"IN THE AGREEMENT SIGNED JUST NOW, THE TWO COUNTRIES MUTUALLY GRANT EACH OTHER MOST-FAVORED-NATION TARIFF TREATMENT AND GUARANTEE NON-DISCRIMINATORY TREATMENT IN

ACCORDANCE WITH GATT REGULATIONS. THIS MEANS
WITH RESPECT TO HUNGARIAN EXPORTS TO THE USA THAT, WHILE
THE AVERAGE TRADE-WEIGHTED TARIFFS ON OUR EXPORTED GOODS
PRESENTLY IS 15 PERCENT, IT WILL DECREASE TO SOME
5 PERCENT AFTER THE COMING INTO EFFECT OF MOST-FAVORED-
NATION STATUS, ASSUMING AN UNCHANGED GOODS COMPOSITION.
AT THE SAME TIME, HUNGARY ALSO ABOLISHES THE PRESENT HIGHER
PUNITIVE TARIFFS AGAINST AMERICAN GOODS, AND EMPLOYS THE
LOWER MOST-FAVORED-NATION TARIFFS.

"THE AGREEMENT WILL BECOME EFFECTIVE FOLLOWING THE
HUNGARIAN AND AMERICAN RATIFICATION PROCEDURE."

4. SIGNING OF AGREEMENT SCHEDULED FOR 1500 HOURS BUDAPEST
TIME MARCH 17.
KAISER

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NNN

Message Attributes

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Review Release Date: N/A
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SAS ID: 3296125
Secure: OPEN
Status: NATIVE
Subject: TRADE AGREEMENT DEVELOPMENTS
TAGS: EEWT, HU, US
To: STATE
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